

March 13, 2008

Barry,

With regard to our recent conversation about the number of commercial and industrial improved assessments that changed from 2006 to 2007 in Dearborn County, I am not aware of any statutory requirement that changes must be made to assessments through the annual adjustment process. My understanding of the applicable statutes is that changes should be made if the results of the ratio studies indicate that changes should be made.

In the 2006 ratio study there were a total of 52 valid commercial and industrial improved sales. In the 2007 ratio study there were a total of 45 valid commercial and industrial improved sales. 25 sales occurred in 2004, 27 sales occurred in 2005, and 17 sales occurred in 2006. The 2004 sales were removed from the sales group and the 2006 sales were added to the sales group for the 2007 ratio study. No significant value changes were evident in the commercial and industrial market due to the removal of the 2004 sales and the addition of the 2006 sales. Anecdotal evidence from local realtors concludes similar findings in all markets. Any changes in assessments to commercial and industrial properties in Dearborn County were largely due to adjustments due to appeals, corrections of previous errors, and new construction. There were a high percentage of changes to the assessments of residential improved properties for 2007 but those changes were not attributable to a change in the market. Those changes were brought about by changes in the physical depreciation tables in an effort to bring outlying assessments in that property class closer to the center.

In 2006 major adjustments were made to land values and neighborhood multipliers to bring the assessments up to date with the market. Commercial land values along U.S. 50 increased from \$80,000 per acre to \$200,000 per acre. Neighborhood multipliers were increased for commercial properties by 30% in Lawrenceburg and 50% in Aurora. Those changes were the extremes but all neighborhoods whether residential, commercial, or industrial were scrutinized and adjusted according to the market in their respective areas.

Dearborn County has made an exhaustive effort over the last two years to insure that taxpayers have equitable assessments across all property classes. The DLGF's insistence that the majority of commercial and industrial assessments should change from one year to the next is contradictory to the empirical evidence derived through the sales of commercial and industrial properties in Dearborn County. We would appreciate your assistance in expediting the approval of the 2007 ratio study so that Dearborn County can move forward.

Regards,

Scott Potts